GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

A.P. Port Department – Machilipatnam Deep Water Port - In-principle approval to make amendment to the relevant clauses in the 'Revised Concession Agreement dated 07-06-2010' entered between GoAP and Machilipatnam Port Limited for inclusion of MUDA along with GoAP for assignment of revenues from land lease and concession fee, so as to enable MUDA to raise loan of Rs.1385 crores from open market towards development of Machilipatnam Deep Water Port and Port Led Industrial Corridor – Orders – Issued.

ENERGY, INFRASTRUCTURE & INVESTMENT (PORTS.I) DEPARTMENT

G.O.MS.No. 29 Dated: 11-09-2018
Read the following:-

1. G.O.Ms.No.203, MA&UD Dept., dated 29-06-2018
2. Letter from the Vice Chairman, MUDA, Machilipatnam Rc.42/Admin/MUDA/2018, dated 27-07-2018 and 01-8-2018.
3. M/s. Machilipatnam Port Limited, Ref.No.MPL/I&I(Ports)/102, dated 30-08-2018 &

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O R D E R:

Machilipatnam is one of the most industrially backward regions in the State of Andhra Pradesh with no booming economic activity for last three decades. It is the only town in the state which has witnessed negative population growth in the last three consecutive census from 1991 to 2011. The deep water port proposed to be developed at Machilipatnam has immense potential for regional development and overall socio-economic development of the region. This port will be the primary port for use of hinterland stretching from Capital Region of Andhra Pradesh to Hyderabad and Nagpur region of Maharasthra.

2. Government of Andhra Pradesh entered into Revised Concession Agreement with Machilipatnam Port Ltd on 07-06-2010 for development of Machilipatnam Deep Water Port at Gilakaladinne.

3. In the review meeting held in the chambers of Hon'ble Chief Minister on 07-11-2017, it was proposed to raise a loan from the open market for development of Machilipatnam Deep Water Port for land acquisition and rail connectivity and other predevelopment activities.

4. In the reference first read above, Government have approved the proposal for raising of Loan by Machilipatnam Urban Development Authority from open market public sector bank and financial institutions towards development of Machilipatnam Deep Water Port and Port Led Industrial Corridor at Machilipatnam.

5. In the reference 2nd read above, the VC, MUDA has informed that they have approached the financial institutions, they have insisted for detailed business plan showing the revenues and the plan for repayment of Loan interest and Principal. Further VC, MUDA has also submitted that as per the requirements of the Banks, the financing can be done up to a maximum of 90% of the project cost and at least 10% of the total amount is to be contributed by the Project Implementing Agency as Margin Money which is estimated to be an amount of Rs.140 Crores against the total loan amount of Rs.1385 Crores. Therefore, VC,MUDA has requested for assigning the revenue share and land lease rentals of Machilipatnam Deep Water Port in favour of MUDA for a period of twenty (20) years.

6. The Director of Ports has stated that by amending certain relevant clauses of Revised Concession Agreement 2010 the revenues can be assigned to MUDA. He has further stated that in view of MUDA providing the external connectivity for Machlipatnam Deep Water Port, 90% of the revenue share and land lease rentals can be given to MUDA for a period of twenty (20) years.

7. In the reference 5 read above, M/s. Machilipatnam Port Limited have informed that in-principle, they have no objection to revise the Concession Agreement, limited only to making due payments pertaining to Concession Fee and Land Lease Charges as applicable, in terms of the Concession Agreement dated 7-6-2010 to Machilipatnam Urban Development Authority (MUDA).

8. Government after careful examination of the matter hereby issued the following orders;

a) (i) to Amend the following clauses of Revised Concession Agreement dated 07-06-2010, signed between Government of Andhra Pradesh and Machilipatnam Port Limited for inclusion of MUDA along with GoAP for assignment of 90% revenues from land lease and concession fee over a period of 20 year time frame in favour of MUDA through the creation of an escrow account, because GoAP is providing 10% margin money.

Sl.No.	Subject	Clause/Schedule
1.	State Support Agreement	Clause 1.56 and Schedule G
2.	External Connectivity	Clause 3.1
3.	Land Lease	Clause 3.22
4.	Concession Fee	Clause 6.1, 6.2 and 6.3
5.	Other relevant clauses	Mutually agreed by both parties

(ii) The detailed proposed amendments to be made to the relevant clauses to the 'Revised Concession Agreement 2010' will be finalized in the Government after due consultation with the M/s.MPL and MUDA.

b) Sanction Rs.140 Crores against the total loan amount of Rs.1385 Crores towards 10% of the total amount which is to be contributed by the Project Implementing Agency (i.e. MUDA) as margin money.

9. The Vice Chairman, MUDA and the Director of Ports, GoAP, Kakinada shall take necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Vice Chairman, MUDA, Machilipatnam.
The Director of Ports, GoAP, Kakinada.
The Collector & District Magistrate, Krishna Dist.

Copy to:
The G.A. (Cabinet) Dept.,
The Finance (I&I –FMU) Dept.
The PS to Prl. Secy. to C.M.,
The PS to Prl. Secretary, E,I&I Dept.
SF/SC (w.r.t. 18022/60/2017)

// Forwarded :: By order //

Section Officer